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**TO:** Burlington City Council  
Mayor Miro Weinberger  
**FROM:** Scott Gustin, Principal Planner & Zoning Division Manager, DPI  
Meagan Tuttle, Director, Office of City Planning  
**DATE:** January 25, 2022  
**RE:** Proposed CDO Amendment ZA-20-05: Short Term Rentals & Ch. 18 Minimum Housing Code amendments

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## **Overview & Background**

This amendments has been under development since the 2019 Housing Summit and the subsequent Council Resolution in October 2019, which directed a Joint Committee to create a regulatory framework for short-term rentals that created tiers and disincentivizes the most impactful uses in order to:

- Limit the number of housing units converted for short-term rental purposes;
- Ensure that conversions contribute to efforts to preserve and expand affordable housing;
- Provide some flexibility for homeowners to earn income; and
- Recognize that some supply of short-term rentals benefits the Burlington economy.

This amendment has been discussed in over a dozen meetings first by the Joint Committee of the Planning Commission & the Council's Ordinance Committee, then again by the Ordinance Committee. It was most recently amended during the Council meeting on December 20, 2021 to limit short-term rentals to operating primarily in individuals' own housing units.

## **Defining Short Term Rentals**

A short term rental (or STR) is typically a dwelling unit that is rented in whole or in part to guests for less than 30 consecutive days for overnight stays. It may be an apartment, a house, or just a bedroom within a housing unit. AirBnB exemplifies short term rentals.

For several years prior to 2020, there was significant and growing demand for STR's internationally and locally. They benefit owners with a source of income that can help subsidize a cost of living that may otherwise be unaffordable and may also encourage improvements to property. They benefit Burlington's tourism economy and provide guests with a convenient, and often more affordable, place to stay when traveling. They also generate city and state tax revenue via the Rooms & Meals Tax (RMT). Short term rentals, however, do not come without impacts. Some have the effect of removing dwelling units for long-term occupancy, and they may contribute to rising rental rates and purchase prices. Given the high turn-over of guests, some short-term rentals may bring nuisance impacts such as traffic, noise, and trash to neighborhoods, though this is not a major factor in this policy discussion in Burlington.

The Joint Committee heard extensive testimony from many of the city's STR hosts, and we anticipate the Council will too. In general, hosts expressed that short-term rentals are uniquely flexible and come in a variety of forms—beyond the major distinction between whole unit and partial unit STR's used in this analysis. The same dwelling unit may alternate between long- and short-term rental uses within a relatively short period of time. A dwelling unit may serve as one's primary residence for most of the year, and serve as a short-term rental while the resident is away. A short-term rental may co-exist with a number of long-term rentals within a multi-family building. Hosts reiterated that this variability and flexibility needs to be considered within the context of the overarching policy

objective: to protect Burlington's limited housing stock, while affording reasonable opportunity to host short-term rentals within the city.

### **Short Term Rentals in Burlington**

Burlington has some 10,000+ rental housing units, representing 60% of all housing units. While the June 2019 Housing Summit reported hopeful trends—a slightly increasing vacancy rate and slightly slowing annual rent inflation—the city's housing market remains tight with the long-time rental vacancy rate between 1% and 2%. In October 2021, the Chittenden County Regional Planning Commission reported that the county-wide vacancy rate had dropped to 0.9%, which is the lowest vacancy rate in Chittenden County in the last 10 years. According to the CCRPC "the vacancy rate most will agree will yield a healthy market for renters and owners alike is 5%."

The number of short-term rentals in the City has varied over the last several years. According to data provided by HostCompliance, the number of short term rentals within Burlington increased 26% between 2018 and 2019. The average monthly number of short term rentals between June and September 2020 was 403 listings, representing 357 unique rentals. In the fall of 2021, this number has fallen to 246 unique rentals.

The makeup of short-term rental types has changed over this time. In 2019, 67% of STRs in Burlington were whole unit rentals and 33% were partial units (i.e. bedrooms). However, in the fall of 2021, 80% are now whole units and just 20% are partial units. The shift in this makeup could be partially a result of COVID-19 concerns, and/or changing preferences for hosts and guests to stay in more private accommodations. 54% of STR's are in single-family properties and 45% in multi-family properties (the other 1% is an unknown home type).

### **Proposed Amendment**

#### **Amendment Type**

Text Amendment	Map Amendment	Text & Map Amendment
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#### **Purpose Statement**

The proposed regulatory framework is aimed at minimizing the potential for adverse impacts to the city's housing stock, while balancing some flexibility for hosts to operate short term rentals. Together with amendments to Minimum Housing Standards in the City's Code of Ordinances, the proposed amendment is intended to allow the use of a host's own dwelling occasionally as a short-term rental, as well as Seasonal Homes as identified by the Burlington Assessor to be used as a short term rental without a host present.

### **Proposed Amendments**

#### **CDO Amendments**

Limited changes to the *Burlington Comprehensive Development Ordinance* are proposed:

- 1. Amend Article 13 Definitions to define "short term rental", modify "lodging" definitions, and eliminate "bed and breakfast" definition**

Define short term rental as a type of dwelling unit and refer to standards in *Ch.18*. The STR definition reflects the state's definition of an STR with regard to length of rental and refers to the Vermont rooms and meals tax. Additionally, the definitions of Hotel/Motel and Hostel are streamlined to a more general "Lodging" definition, and "Bed and Breakfast" is removed to reduce redundancy and inconsistencies in how various traditional lodging uses are permitted.

- 2. Add STRs as a "special residential use" to Appendix A- Use Table and in Article 14- Downtown Code**

This will establish that short term rentals are allowed anywhere that residential uses are allowed, and will refer to *Ch. 18* for specific standards.

### ***Ch. 18 Minimum Housing Code Amendments***

The related amendments to *Ch. 18 Minimum Housing Standards* include:

**1. Establish standards for the number and type of STRs permitted in a building, and when the host is required to be the owner/occupant of the property.**

Limits STRs to being within a host's primary residence. STR of a Seasonal Home as identified by the Burlington Assessor is permitted without a host on site.

**2. Establish minimum life safety standards for STRs, and requirements for annual rental registration.**

Defines life safety standards for STRs and additional information to be provided on rental registration applications for housing units used as STRs.

### **Relationship to planBTV**

*This following discussion of conformance with the goals and policies of planBTV is prepared in accordance with the provisions of 24 V.S.A. §4441(c).*

#### Compatibility with Proposed Future Land Use & Density

The STR proposal is intended to protect existing housing from unlimited conversion to short term rental use. After rapid growth in STRs in the city, the number has begun to decline. It is unclear to what extent ongoing COVID-19 challenges are impacting this market. Additionally, 2021 saw an increase in chronic housing challenges in the city, including historically low rental housing vacancy rates. This policy seeks to limit housing units that are converted from long-term housing to short-term rentals putting additional pressure on the city's available housing and degree of affordability. The proposed measures establish narrow parameters for allowing short-term rentals.

#### Impact on Safe & Affordable Housing

The proposal will have no impact on the intensity or density of future land use. However, it will ensure that future short term rentals are compatible with the residential neighborhoods that so many of them occupy and in such a way that limits their use in otherwise available housing units. Short term rentals will be allowed wherever residential uses are allowed, and only in very limited circumstances in a host's own primary residence and Seasonal Homes that are not suitable for long-term housing purposes.

#### Planned Community Facilities

This amendment has no impact on any planned community facilities.

### **Process Overview**

The following chart summarizes the current stage in the zoning amendment process, and identifies any recommended actions:

<b>Planning Commission Process</b>				
Draft Amendment prepared by: Staff, Joint Cmte, based on City Council referral	Presentation to & discussion by Joint Committee 1/14, 1/28, 2/11, 2/19, 8/11, 9/23, 10/28, 11/24, 12/8, 1/12, 2/9, 3/9	Approved for Public Hearing 3/9/21	Public Hearing 4/13/21	Approved & forwarded to Council 4/13/21

City Council Process				
Council Work Sessions: 7/12/21, 11/8/21  First Read & Referral to Ordinance Cmte 08/09/21	Ordinance Committee discussion 9/22/21 & 10/27/21	Ordinance Cmte recommends to Council 10/27/21	<b>2<sup>nd</sup> Read &amp; Public Hearing 1/31/22 on CH. 18 amendments</b>	Approval & Adoption
				Rejected